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Land Banking In Ohio

Virginia Housing Commission

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Please, don't blame my employer

The views and opinions expressed here today are my own, and not necessarily those of the Federal Reserve Bank of Cleveland, the Board of Governors, or other Banks in the Federal Reserve System.

Agenda

- Tom's opinion on the three most important parts of Ohio Land Bank enabling legislation
- Ohio's Land Banks
- Lessons Learned
- Q&A

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The Three Most Important Things

Funding

- Without a predicable funding stream, it is very difficult for land banks to operate
- Most states fund land banks through a percentage of property taxes paid on properties put back into productive use
- Ohio increases penalties and interest on delinquent taxes in counties that establish land banks, and uses it to fund them

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The Three Most Important Things

Property selection

- Warehousing property, especially in distressed areas, is not cheap
- Early land banks became overwhelmed with the number of properties they owned
- In many areas in need of land banks, there are more problem properties than resources to address them, and triage is necessary

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The Three Most Important Things

Non-governmental nonprofit structure

- Public oversight provided through the Board of Directors and public Board meetings
- Private, nonprofit status provides greater organizational speed and agility (acquisition, disposition, vendor payment)

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Ohio's Land Banks

- Started as a Cuyahoga County only program
- Access expanded slowly to the rest of Ohio
- About 20 in existence today
- Size varies from very small counties with small land banks to large counties with large land banks
- Focus varies from commercial to residential and many things in between

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Lessons Learned

Funding – complexity and bonding

- Enabling legislation envisioned land banks issuing bonds backed by the delinquent penalties and interest from property taxes
- Originally didn't work because land banks were temporary programs
- Turned out to be a very complicated mechanism
- Today most land banks receive a flat percentage of delinquent property tax penalties and interest

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Lessons Learned

Human Capital – employees and partners

- If working well, land banks are efficient intermediaries in the market, taking low-value property, clearing title, and getting it back to productive use
- Assuming effective enabling legislation, human capital becomes the constraint:
 - Knowledge of neighborhoods
 - Experience with property transactions
 - Strong partnerships
 - Vision

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Lessons Learned

IT Systems

- Least exciting part of this work is one of the most important
- Keeping track of every property that flows through and all pertinent information is important for record keeping purposes and for grant information
- Geographic Information Systems and “The Eye”

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Lessons Learned

What to do with distressed property

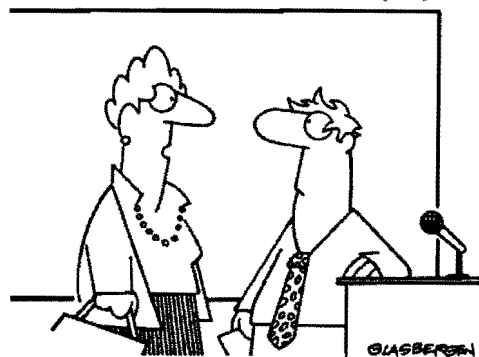
- City land banks
- Side lots
- Nonprofit expansions
- Business expansions
- Established nonprofit developers
- Deed-in-escrow
 - Private-sector rehabbers
 - Owner occupiers

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Thoughts?

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"Your presentation was thought-provoking.
I thought you'd never shut up. I thought
I might die of boredom. I thought about
smashing your projector with my shoe..."

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